



Steven L. Beshear
Governor

Robert D. Vance, Secretary
Environmental and Public
Protection Cabinet

Timothy J. LeDonne
Commissioner
Department of Public Protection

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Mark David Goss
Chairman

John W. Clay
Vice Chairman

Caroline Pitt Clark
Commissioner

NEWS RELEASE

Contact:
Andrew Melnykovych
502-564-3940, ext. 208
502-330-5981 (cell)

PSC APPROVES SETTLEMENT IN FLEMING-MASON RATE CASE *Rural cooperative receives less than requested*

FRANKFORT, Ky. (Dec. 20, 2007) – The Kentucky Public Service Commission (PSC) has accepted a settlement that permits Fleming-Mason Energy Cooperative, Inc. to raise its rates in order to increase its annual revenue by \$3.25 million, or about 7 percent.

Fleming-Mason's original request was for an increase of about \$3.78 million, or 8.1 percent. The rate increase will allow Fleming-Mason to stay within financial guidelines established by the Rural Utilities Service, the federal agency that provides financing to electric cooperatives.

Fleming-Mason negotiated the settlement with the Kentucky Office of Attorney General.

Under the settlement, residential customers will see their monthly customer charge increase from \$6.44 to \$9.75. The charge per kilowatt-hour of electricity (the amount used by a 100-watt light bulb in 10 hours) will increase from 6.91 cents to 7.56 cents.

For a residential customer using 1,000 kilowatt-hours of electricity per month, the total bill will rise by \$9.81, from \$75.58 to \$85.39. That is an increase of 13 percent.

Rates for other classes of customers also were adjusted to better reflect the costs of serving those customers based on the amount of power they consume.

The new rates take effect January 1.

Fleming-Mason has 23,500 customers in Fleming, Mason, Bath, Bracken, Lewis, Nicholas, Robertson and Rowan counties. It purchases power from the East Kentucky Power Cooperative, Inc.

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While accepting the financial terms of the settlement, the PSC rejected a provision related to Fleming-Mason's failure to comply with certain requirements placed on it by the PSC when it approved a rate increase in 2002. Fleming-Mason and the Attorney General asked the PSC to accept the settlement as a resolution of those issues.

The PSC declined the request and said further action may be taken against Fleming-Mason if it is deemed appropriate following further review.

The order in the case and other documents are available on the PSC Web site, psc.ky.gov. The case number is 2007-00022.

The PSC is an independent agency attached for administrative purposes to the Department of Public Protection in the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 110 employees.

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